

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>District Court Funds of District No. 16 City of Livonia,</u> <u>Michigan</u>	County Wayne
Audit Date November 30, 2005	Opinion Date January 19, 2006	Date Accountant Report Submitted To State: May 30, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, LLP			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature 			

**District Court Funds of District No. 16
City of Livonia, Michigan**

**Financial Report
with Additional Information
November 30, 2005**

District Court Funds of District No. 16

City of Livonia, Michigan

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Independent Auditor's Report

District Judges of the 16th District Court
Honorable Kathleen McCann and
Honorable Robert Brzezinski
Livonia, Michigan

We have audited the financial statements of the District Court Funds of District No. 16, City of Livonia, Michigan as of November 30, 2005. These financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District Court Funds of District No. 16, City of Livonia, Michigan at November 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the District Court Funds of District No. 16, City of Livonia's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

January 19, 2006

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District Court Funds of District No. 16

City of Livonia, Michigan

Statement of Net Assets Fiduciary Funds November 30, 2005

	Agency Funds		
	Depository Account	Bond Account	Total
Assets			
Cash and investments (Note 2)	\$ 455,340	\$ 275,364	\$ 730,704
Due from bond account	3,675	-	3,675
Total assets	<u>\$ 459,015</u>	<u>\$ 275,364</u>	<u>\$ 734,379</u>
Liabilities			
Due to:			
Depository account	\$ -	\$ 3,675	\$ 3,675
City of Livonia	323,770	8,880	332,650
State of Michigan	126,278	-	126,278
Wayne County	8,967	-	8,967
Bond deposits, voluntary work program, and other	-	262,809	262,809
Total liabilities	<u>\$ 459,015</u>	<u>\$ 275,364</u>	<u>\$ 734,379</u>

District Court Funds of District No. 16

City of Livonia, Michigan

Notes to Financial Statements
November 30, 2005

Note 1 - Significant Accounting Policies

The accounting policies of the District Court Funds of District No. 16, City of Livonia, Michigan (the "District Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District Court is governed by two elected judges. There are no component units.

The following is a summary of the significant accounting policies used by the District Court Funds of District No. 16:

The funds of the District Court are Agency Funds. The financial activities of the funds are limited to collections of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors within the City limits.

Note 2 - Cash and Cash Equivalents

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The District Court is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The District Court has designated three banks for the deposit of District Court funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CDs, and such obligations, bonds, and securities as permitted by the statutes of the State of Michigan.

District Court Funds of District No. 16

City of Livonia, Michigan

Notes to Financial Statements
November 30, 2005

Note 2 - Cash and Cash Equivalents (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of bank failure, the District Court's deposits may not be returned to it. The District Court does not have a deposit policy for custodial credit risk. At year end, the District Court had \$690,033 of bank deposits (checking accounts) that were uninsured and uncollateralized. The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District Court evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Court Operations

The costs relating to the operation of the District Court (including risk management) are a budgeted item of the City of Livonia, Michigan General Fund and, accordingly, such costs are paid by the General Fund.

The District Court is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

General Liability - The District Court participates in the Michigan Municipal Risk Management Authority for claims relating to general and auto liability, auto physical damage, and property loss claims.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City of Livonia. In addition to the losses retained, the City of Livonia is responsible for certain defense costs.

Workers' Compensation - The District Court employees are covered under the City of Livonia's self-insured workers' compensation program. However, the workers assigned to the Court Voluntary Work Program in lieu of jail are not covered. The District Court does have a policy that covers up to the first \$1,000 per occurrence and the City of Livonia's self-insured plan covers claims in excess of \$1,000.

Medical Claims - The District Court participates in the City of Livonia's health care coverage plan in the same manner as the City of Livonia employees.

District Court Funds of District No. 16

City of Livonia, Michigan

Other Supplemental Information

Schedules of Cash Receipts and Disbursements

Year Ended November 30, 2005

	Depository Account	Bond Account
Cash and Cash Equivalents - December 1, 2004	\$ 448,969	\$ 329,255
Receipts		
Fines and fees collected	5,563,275	-
Bond receipts	-	979,726
Wayne County penal fines	121,884	-
Work program	-	171,585
Garnishments	-	1,378
Restitution, judgments, and other	91,312	164,536
Interest income	11,944	7,459
Total receipts	5,788,415	1,324,684
Disbursements		
Transfers:		
City of Livonia	3,659,918	-
Court Building Fund - City of Livonia	295,322	-
State of Michigan	1,584,197	-
Wayne County	119,706	-
Bond transfers and refunds	-	921,399
Bond forfeitures	-	122,393
Work program	-	164,704
Garnishments	-	1,378
Restitution, judgments, and other	122,901	168,701
Total disbursements	5,782,044	1,378,575
Cash and Cash Equivalents - November 30, 2005	<u>\$ 455,340</u>	<u>\$ 275,364</u>